The Management of Retrenchment among Alberta Municipalities

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INTRODUCTION

Local government in Alberta today is facing what may be its greatest challenge in many years, one which will put management in the public sector to its most severe test. Management of local government in a period of severe economic downturn has required and will continue to demand considerable creativity and foresight from local administrators if they are to successfully steer their municipalities through the stormy downturn.

Unfortunately, the old rules of managing are hardly applicable today, as they were based on the assumption of continued economic growth, a pattern which held for most of the last three decades. As well, management for growth has served motives of political decision-makers whose base of support rests on providing employment, public work projects and a high level of public services, and of citizens who enjoy the fruits of public expenditures.

However, continuing adverse economic conditions worldwide, the sluggish Canadian economy, and the slowdown of Alberta's boom economy in particular have all challenged this norm of growth. As a consequence, Alberta's municipal governments are faced with an unfamiliar situation of long-term cutbacks and financial restraint, and a pressing need to adopt strategies to cope with organizational decline; a situation that demands considerably different management skills than those required in a period of growth. What is now facing Alberta municipal administrators is not a brief and temporary decline within a long-term growth trend, requiring short-term measures. Instead, administrators are facing the need for long-term evaluation of community goals and priorities and for a hard look at current program and spending patterns.

In light of this situation, this study has been commissioned by both the Local Government Studies Program, University of Alberta, and the Inter-Agency Planning Branch, Department of Municipal Affairs, to determine the patterns of cutback management employed by Alberta municipal administrators and to look at ways in which government agencies and university programs can best meet the needs of local administrators. Specifically the goals of the study are as follows:

- To determine the pattern of cutbacks in the areas of revenues and expenditures
- To understand the organizational impact of no-growth on municipalities
- To understand the economic and organizational environment of municipal planning
- To focus on areas for possible training and other support services for municipalities.

THE ECONOMIC CONTEXT

Economic Expansion

Alberta, a province rich in oil and gas, coal, agricultural and forestry products, began a process of steady economic growth in the first two decades

following the discovery of the Leduc oil field. The 1970s saw an escalation in both the pace and the scale of economic development. The worldwide energy crisis and the rising oil prices created a lot of investment and employment opportunities in Alberta. As a result, between 1971 and 1981, Alberta's population grew from 1,627,874 to 2,237,724 - a net of 37%.[1] Alberta entered the 1980s as the fastest growing, richest province and, many people were convinced, a "recession proof" economic haven in Canada.

Growth of Municipal Sector

Economic and population growth had major implications for Alberta's municipalities. Growth created increased demand for all types of services: expansion of transportation, water supply, sewage treatment and recreation facilities all had to be put in place to accommodate the growth. The magnitude of the impact of growth in municipal finance and operations can be illustrated by the following statistics:

Municipal Expenditure

Between 1971 and 1983, Alberta municipalities' expenditures grew from $1,123 million to $9,133 million,[2] an increase of 577% on a per household basis. Alberta's municipal expenditure ranked the highest in Canada in 1981, leading Quebec, in second place, by a wide margin[3] (Table 1).

Municipal Debt

Debenture borrowing is a major instrument for financing capital projects to accommodate economic and population growth. As such, per capita debt load is a good indicator for development activities and the future financial burden on the municipalities.

Between 1971 and 1981, the amount of new debenture loans issued for municipal purposes jumped from $62 million to $698 million.[4] In 1976, Alberta's municipalities incurred an accumulated debt of $1.03 billion.

By 1981, however, the accumulated debt reached $2.5 billion and by 1983, $3.67 billion. The data take into account the $1.03 billion written off under the 1979 Municipal Debt Reduction Program, without which the debt load would have been pushed even higher. On a per capita base, Alberta's corresponding debt figures were as follows:

1976	$ 563
1981	1,125
1983	1,557

Table 2 gives the per capita debt breakdown by administrative unit.

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[1]Alberta Bureau of Statistics, ***Community Profile - Alberta***, Edmonton, 1984.
[2]Statistics Canada, ***Local Government Finance***, Ottawa, 1984.
[3]Care should be taken to interpret the figures, which also include expenditures on health and education.
[4]Alberta Bureau of Statistics, ***Alberta Municipal Finance Corporation***, Edmonton, 1984.

TABLE 1

REVENUE AND EXPENDITURE IN ALBERTA, 1971-1983

Year	Revenue	Expenditure	Population	Per Capita Revenue	Per Capita Expenditure
1971	$1,022,435,000	$1,123,262,000	1,627,874	628.10	690.01
1976	$3,327,943,000	$2,270,751,000	1,838,000	1,810.63	1,480.29
1981	$6,578,281,000	$6,989,922,000	2,237,724	2,940.28	3,124.28
1983	$7,085,799,000	$9,133,575,000	2,293,144	3,098.99	3,982.99

TABLE 2

PER CAPITA DEBT BY ADMINISTRATIVE UNIT -- 1976-1983

	1976	1978	1980	1981	1983
Cities	808.94	898.03	768.08	1,536.06	2,179.04
Towns	469.32	614.92	683.22	997.82	1,101.61
Villages	403.30	776.61	683.22	803.70	833.01
Counties	314.27	322.01	478.17	657.08	802.92
M.D.s	13.73	49.90	51.43	60.36	68.87
I.D.s	26.75	76.17	27.46	37.69	70.59

Municipal Employment

The growth in expenditure levels and services were reflected in an increase in the size of municipal organizations. Between 1971 and 1981, municipal employment rose by 79% from 16,719 to 29,897. However, between 1981 and 1982, municipal employment increased by just 4% (to 31,126) and decreased by 2% in 1983 (to 30,436).[5]

Municipal Revenue

Municipal revenue growth during the 1971-83 period was no less spectacular. The province registered a six-fold increase in revenue. from $1,022 million in 1971 to $7,085 million in 1983.[6] Over that period, municipal governments were able to generate slightly half the revenue, with the balance coming from federal and provincial grants. It is of interest to note that some 91% of the grants were in the form of conditional grants (i.e., specific-purpose grants) which, as many researchers of local government have pointed out, may erode accountability and distort local priorities.

The above information has been detailed to illustrate that by 1981, Alberta's municipalities had greatly expanded their operations and incurred a substantial amount of debt and a high level of expenditure. The ability of the municipalities to finance their debts and operations were predicated on the assumption that growth would continue in the 1980s to help pay off the debt.

Growth to Recession

A severe economic recession in 1981-82 put an end to the optimism of the preceding period. The energy dispute between the federal and provincial governments, the world oil glut and the large reserve of US natural gas were primarily responsible for Alberta's economic downturn.[7]

Alberta's resource-based economy proved to be especially vulnerable to the changing external economic conditions beyond the province's control. Unemployment rose steadily within months following the collapse of some megaprojects in 1982 and continued to worsen throughout the 1982-83 period to reach a record high of 14%. Population growth also slowed down from 3-4% annually in the 1970s to 1.7% in the 1980s. Some major cities such as Edmonton and Calgary even experienced a net loss of population for the first time since the 1950s.

Alberta did not climb out of the economic recession in 1983 when the rest of the country slowly began to recover. During that year, Alberta experienced a decline of 0.8% in its Gross Domestic Product. The impact of the economic downturn on the municipal sector did not become apparent until after 1982. For example, although in 1982 the development industry responded by reducing housing starts (a total of 26,789 units compared with 38,470 units in 1981), municipal

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[5]Statistics Canada, *Local Government Employment*, Ottawa, 1984.
[6]Alberta Bureau of Statistics, *Public Account*, Edmonton, 1984.
[7]Conference Board of Canada, *Quarterly Provincial Forecast*, Ottawa, February 1984, p. 58.

revenues and expenditures continued to rise. In that year, Alberta's municipalities also borrowed a record-high $913 million, new loans for municipal capital works projects. Moreover, some 61% of the total municipal debt was incurred between 1980 and 1982 when interest rates were considerably higher.

THE ADMINISTRATIVE-POLITICAL CONTEXT

In addition to the economic context, the administrative-political environment must also be taken into account when looking at cutback management among Alberta municipalities. Two observations about local government structure might be made. First, there is a definite division of rural and urban municipalities. All the smaller urban centres in the province are surrounded by a rural municipality. Although there is a provision in the ***Municipal Government Act*** for municipalities to co-ordinate their service deliveries and to share tax revenues from a particular development, there is no local government structure (e.g., a regional or metropolitan government) to formally co-ordinate municipal operations with the exception of the planning function. One outcome of this situation is that major industrial plants in the rural municipalities have employees residing in nearby urban municipalities; the latter find themselves having to provide services for the workers of such plants without the benefit of the tax revenue from their employers.[1] A second outcome of this situation is that the fragmentation of these administrative units encourages duplication of services in adjoining communities when it might be possible (and perhaps even more efficient and less costly) to co-ordinate these community services.

The second observation about local government structure has to do with the makeup of municipalities' revenue base. Most municipalities depend on some combination of property taxes and provincial grants and close to 90% of the provincial grants available to municipalities are conditional. Furthermore, these grants are made available on a cost-sharing basis. Although one intention of the conditional grants is to minimize the revenue burden on the property tax base, a practical effect has been to increase the municipality's expenditures over time, because a large number of projects financed by the conditional grants have been capital facilities whose operating cost municipalities have had to be responsible for.[2] In addition, a decrease in the amount of provincial grants only results in greater pressure on municipalities to increase revenue through increases in property taxes.

There is no question that most municipalities would prefer getting unconditional grants and being less reliant on conditional grants. The trend, however, has been in the opposite direction, that is, a large proportion (about 90%) of provincial transfers to municipalities today consist of conditional grants. This compares to 1977 when all classes of municipalities except cities received about half of their transfers as unconditional grants. Cities then obtained about a fifth of their transfers in the form of unconditional assistance. The disagreements between the two levels of government regarding the widespread use of conditional grants have been detailed elsewhere and do not need to be repeated here. Suffice it to say that certain parameters have to be accomplished in terms of the flexibility required to maneuver around budgetary revenues and expenditures.

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[1]Richard Plain, ***Local Government Finance***, Edmonton: University of Alberta, 1983.
[2]Jack Masson, ***Alberta Local Governments and Their Politics***, Edmonton, in press, 1984.

This brief summary of the economic and the administrative-political context of Alberta municipalities has been presented in order for the results of this study to be better understood and evaluated.

SCOPE OF STUDY

During the last two or three years, Alberta municipalities have had to operate in a severely recessed economic environment. Many municipalities were caught unprepared by the suddenness of the economic downturn.

This study was conducted to determine the manner in which municipalities in this province have coped with the required retrenchment. The study was conducted in three phases:

1. An extensive literature review and background research was conducted to detail what is currently known about the process of retrenchment, particularly in the public sector and to describe the severe economic situation within which local municipalities have had to operate.

2. A survey of over a hundred Alberta municipalities was conducted to get a broad and representative picture of retrenchment efforts around the province.

3. In-depth interviews were conducted with a small group of municipalities to get a more detailed understanding of these retrenchment efforts.

SURVEY OF MUNICIPAL ADMINISTRATORS

Methodology

The Survey Sample. A randomly selected sample of 135 municipalities was drawn from the population of Alberta municipalities, excluding Improvement Districts and Summer Villages.

The Questionnaire. The survey instrument consisted of four major sections:

a. a profile of the municipality, looking at such characteristics as type of administrative unit, population, staff size and extent of unionization, and primary economic base;
b. an economic profile of the municipality in terms of expenditure and revenue patterns over the last three years;
c. the type of organizational changes employed by the municipality in response to the downturn; and
d. the pattern of decision making on which organizational changes were based. (See Appendix A.)

Following the development of the questionnaire, the survey instrument was pre-tested on four respondents, all of whom were municipal administrators and none of whom were in the survey sample. As the questionnaire was being finalized, letters were sent out to the chief municipal administrators informing them of the

forthcoming questionnaire and explaining the objectives of the study. (See Appendix B.)

In order to improve the low response rate generally associated with mailed questionnaires, a personal home computer (Commodore 64) was offered to respondents as an incentive. Respondents were told that they would be eligible for the prize if they returned their completed questionnaires by a certain date. Identification numbers on the returned questionnaires were later included in a draw for the home computer.

The Interview Sample. Eleven municipalities were selected for in-depth interviews after the survey results were received. These municipalities were selected as a cross-section of the survey sample, with the following factors taken into consideration: administrative unit, primary economic base, population size, staff size, and degree of economic stability.

Based on these criteria, the profile of the municipalities interviewed is presented in Table 3. Interviewed in these various municipalities were the chief municipal administrator and, where appropriate, the personnel and the finance directors. The interviews were designed in large part to supplement the survey data as well as to obtain a more in-depth perspective on management methods. The municipalities are not identified, in keeping with an agreement to maintain confidentiality as a means of assuring a frank discussion of municipal conditions.

Where appropriate, results from the interview sample will be discussed in conjunction with results from the survey.

Statistical Note. In cases where cross-tabulations were run, the Chi Square test of significance was used to determine whether there is a significant relationship between two variables. For instance, if one were interested in the question, "Does employee staff size make any difference in whether a municipality makes use of the combination or elimination of functions?" we have to be able to make a judgement regarding the point at which differences that have been observed can be considered "true" differences (i.e., that a municipality's organizational size really makes a difference) or whether the differences have occurred simply by chance.

We selected the 95% confidence level as our criterion level. This means that if the probability level of the relationship being tested (between organizational size and the combination or elimination of functions as an organizational change method) is found to be 5% or less using the Chi Square test of significance, there is only one chance in 20 (or five chances out of 100) that the tested relationship is due to chance. In the case of our illustration, then, larger (or smaller, as the case may be) organizations are more (or less) likely to make use of elimination or combinations of functions as a cutback method.

RESULTS

Profile of Respondents. Of the 135 municipalities who were sent questionnaires, 96 questionnaires were returned, a return rate of 71%.

TABLE 3

PROFILE OF INTERVIEW SAMPLE

		Population Size	Economic Base	Growth Pattern	Org'l Complexity*
City	1	40,000+	Service	Stable	800+
	2	50,000+	Service/Indust./ Agricul.	Unstable	500+
	3	55,000+	Agricultural/ Service	Stable	700+
Town	1	10,000+	Residential/ Light Indust.	Unstable	80+
	2	3,000+	Service/Agricul.	Stable	25+
	3	4,000+	Oil and Gas	Unstable	25+
	4	5,000+	Oil and Gas	Unstable	35+
County	1	5,000+	Agricultural	Stable	40+
	2	7,000+	Agricultural	Stable	50+
Municipal District	1	9,000+	Oil and Gas/ Agricultural	Stable	50+
	2	2,000+	Agricultural	Stable	15+

* Number of full-time employees
NOTE: Populations and staff sizes rounded off

Table 4 describes the respondent sample by administrative unit, population, staff size and primary economic base.

The respondent sample's profile in terms of administrative unit is fairly representative of the breakdown of municipalities by administrative unit in the population, with villages underrepresented (41% in the population) and towns overrepresented (38% in the population) in the sample.

A third of the municipalities had populations of less than 1,000, a fourth had more than 5,000 residents, while another 42% had a population size of between 1,000 and 5,000. The sample populations varied from a low of 134 to a high of over 58,000.

Almost two-fifths of the municipalities had small permanent full-time staffs of less than six. All of the villages fell in this category. About a third had staff sizes of between six and 29 employees, with about half of the towns and cities and about a fourth of the rural municipalities in this category. A little less than a third of the sample had full-time staffs of 30 or more. Over three-fourths of the responding municipalities (77%) had none of their employees unionized, and 77% of the 22 unionized municipalities were found in organizations with 30 or more employees.

About 57% of the municipalities had some agricultural tax base, with over a third claiming agriculture as their primary economic base. A fourth claimed oil and gas or a combination of oil and gas and agriculture.

Revenue Sources. Municipalities were asked to indicate whether their revenue sources had increased, decreased or remained the same from 1982-83 through 1984-85. Table 5 presents the pattern of municipalities reporting increases, decreases, or no change for various revenue areas.

Several patterns are apparent from this table: first, there is a definite pattern of decline, with more municipalities reporting decreases or no changes across the board on all revenue sources. Second, the number of municipalities reporting changes is more dramatic between 1982-83 and 1983-84 than between 1983-84 and 1984-85. For instance, 22% of the municipalities sampled reported a decrease or no change in residential property taxes in 1982-83, with this number going up to 36% in 1983-84 and remaining the same in 1984-85. Similarly, the number of municipalities reporting a decrease or no change in provincial grants was close to half in 1982-83 (47%), increasing to three-fifths or 61% in 1983-84, and moving up slightly to two-thirds in projections for 1984-85.

While there appears to be some degree of stabilization occurring between 1983-84 and 1984-85, with fewer municipalities reporting decreases across the board and a greater number reporting no change, this is still a downward trend, as many of the municipalities interviewed pointed out. When one takes into account the inflation rate and the increases in equipment and supplies, a no-change item could in practical terms reflect a decrease.

It is evident that there are obvious limitations to the capacities of Alberta municipalities to raise revenues to meet their operational and debt obligations.

TABLE 4

PROFILE OF MUNICIPALITIES SURVEYED

	N	%
A. Administrative Unit:		
Rural - Counties	12	13
Municipal Districts	5	5
Urban - Cities	6	6
Towns	44	46
Villages	29	30
B. Population:		
Less than 1,000	32	33
1,000 - 5,000	40	42
More than 5,000	24	25
C. Employees		
Full-time ... less than 6	36	37
6 - 29	31	32
30+	29	30
Part-time ... None	31	32
1 - 5	42	44
6+	23	24
Unionized Staff	22	23
No unions	74	77
D. Primary Economic Base:		
Agriculture	35	37
Residential	23	24
Oil and Gas	10	10
Agriculture/Oil and Gas	15	16
Agriculture/Residential	5	5
Service	3	3
Other	5	5

Base: 96

TABLE 5

REVENUE SOURCES

		1982 - 1983			1983 - 1984			1984 - 1985	
	+	-	0	+	-	0	+	-	0
Property Tax									
Residential	78%	9	13	61	13	23	57	5	31
Commercial	71%	13	15	56	18	24	54	6	33
Industrial	51%	8	25	48	9	26	44	5	32
Agriculture	31%	9	27	24	17	28	29	4	35
Prov. Grants	52%	20	27	34	25	37	24	18	49
Lic. Fees	45%	9	40	31	17	46	34	11	43
Other	26%	5	11	22	9	10	27	6	9

NOTE: Percentages represent number of municipalities indicating an increase, decrease, or no change for each item, not the amount of change.

What is the picture like on the expenditure side?

Patterns of Expenditure

Overall Expenditures. Table 6 presents overall expenditure patterns from 1982-83 through 1984-85. As is clear from this table, the number of municipalities with spending increases on capital projects has steadily decreased.

There were a greater number of municipalities that indicated increases in operating expenditures than those that indicated increases in capital expenditures. While the number of municipalities reporting increases in their debt charges remained about the same in 1982-83 and 1983-84 (about two in five), this number drops to a third in 1984-85. The number of municipalities projecting no change in their debt charges increases from 37% in 1982-83 to 39% in 1983-84 and 48% in 1984-85. Overall, with the majority of municipalities reporting no changes in their debt burden, about three-quarters reporting no change or an increase in their operating expenditures and over 60% still reporting no change or an increase in capital expenditures from the previous year, the expenditure picture for municipalities looks rather bleak.

Functional Spending Areas. When we look at the functional spending areas in the last two years (Table 7) compared to what is anticipated in the next two years, we find that certain spending areas remain relatively constant in that the number of municipalities reporting increases in these areas remains about the same. These areas generally involve fixed costs such as water/sewage/garbage, utilities and transportation, and police and fire services. An area that generally involves fixed and variable costs is parks and recreation. In this category, fewer municipalities reported anticipating increases in spending than those that reported increases over the last two years.

While the number of municipalities who expect increases in general administration in the next two years is significantly smaller than those who reported increases in this category the past two years (25% reported an anticipated increase compared to 48% reporting a previous increase), this item, as a portion of the total municipal budget, is relatively small, especially in smaller municipalities.

Of all functional categories reported as having increased, planning was one area where the fewest number of municipalities (24%) reported an increase the last two years. It was also the area where the largest number of municipalities (a quarter) reported a decrease for the last two years. Most of the cutbacks appear to be among personnel, with municipalities finding that they do not have as much need for personnel such as by-law enforcement or junior development officers.

Cost-cutting. Municipalities in the sample were asked whether they had applied any cost-cutting procedures. Sixty-five% indicated they had, another 5% said they planned to, while 39% maintained they had no plans to do so. Those in the latter category were primarily small villages.

More generally, there are essentially two ways municipalities could retrench financially: they could either raise more money or cut back on expenditures. We looked at both these areas in terms of the revenue-raising strategies employed as

TABLE 6

CAPITAL, OPERATING AND DEBT EXPENDITURES

	1982 - 1983			1983 - 1984			1984 - 1985		
	+	-	0	+	-	0	+	-	0
Cap. Expend.	47%	37	13	40	39	19	27	30	35
Oper. Expend.	69%	17	11	49	22	26	49	9	37
Debt Charges	43%	18	37	42	18	39	32	16	48

NOTE: Percentages represent number of municipalities indicating an increase, decrease, or no change for each item, not the amount of change. Non-responses not included.

TABLE 7

FUNCTIONAL SPENDING AREAS: PREVIOUS AND ANTICIPATED

	Last Two years			Anticipated		
	+	-	0	+	-	0
Gen. Administration	48%	22	11	25	13	41
Council/Legislative	34%	15	33	16	9	54
Police/Fire	49%	13	19	41	5	33
Water/Swg/Grgb	55%	6	16	52	3	22
Social Services	27%	11	29	19	5	45
Planning	24%	25	31	21	17	42
Parks/Rec.	45%	17	17	34	13	29
Utilities	54%	7	7	50	6	11
Transportation	56%	11	13	46	8	26

NOTE: Percentages represent number of municipalities indicating an increase, decrease, or no change for each item, not the amount of change.

well as the general organizational alterations made.

Revenue Expansion Strategies

Close to half of the municipalities (49%) opted for attracting new economic development as a means of raising revenue (Table 8), with the majority of this group made up of towns and cities (84%). Two in five said they had employed property tax increases, with another 15% considering this option.

The same number (40%) had employed energy conservation measures, with over three-quarters of this number among larger municipalities of greater than 5,000 population and larger staff sizes (over 30).

Property taxes and energy conservation were followed closely by three other strategies employed to raise revenue: raising or instituting user fees (39%), increasing utility rates (37%) and lobbying for more grants (37%, Table 8).

User fees were favoured by towns and cities (64% versus 39% of rural municipalities and 24% of villages), those with populations greater than 5,000, and those with staff sizes larger than 30. Towns and cities were also more likely to raise utility rates (64%) compared to villages (41%) and rural units (10%). Lobbying for more grants was not differentially favoured by municipalities of varying population or organizational size, or administrative units.

In sum:

- Most municipalities, especially urban municipalities, favoured new economic development as a revenue-raising strategy.
- Urban municipalities and those with larger populations were more likely to raise user fees and utility rates and to apply energy conservation measures.
- Lobbying for more grants was favoured by all types of municipalities.
- Less than a third had used their reserve accounts, with larger population municipalities and those with more municipal employees more likely to do so.

Analysis of Revenue Expansion Strategies

The reliance on attracting new economic development among the sample municipalities was not surprising for two reasons. First, many of the municipalities in the province had gone on a land acquisition binge in the late 1970s, in part to discourage speculation and to keep land prices relatively stable. Municipalities also acquired land to cash in on the economic boom. Thus, in anticipation of continued growth, large amounts of land were bought and developed by various municipalities. Four of the municipalities interviewed were good examples of this trend. With the economic downturn, these municipalities found themselves with developed land, saddled with maintenance costs and no tax revenue on hand. The push for economic development therefore appears to be a response to the land development practices of

TABLE 8

REVENUE EXPANSION STRATEGIES

	Employed (%)	Considering (%)	No Plans (%)
Raise property taxes	40	15	23
Lobby more grants	37	26	15
Attract economic development	49	16	13
Raise/inst. user fees	39	21	18
Increase utility rates	37	19	18
Increase licence fees	16	16	45
Use reserve accounts	30	13	32
Energy conservation	40	18	20
Other	5	1	5

NOTE: Base for all items is 96 municipalities. Percentages do not add up to 100% because of the non-respondents to each item, most if not all of whom would be those municipalities that indicated no changes were employed.

Table 9

REVENUE EXPANSION STRATEGIES, BY ADMINISTRATIVE UNIT, MUNICIPAL POPULATION, STAFF SIZE, AND UNIONIZATION

		Employed	Considering	No Plans
1. Raise Property Taxes				
Unit:	Rural	31%	46%	23%
	Towns/Cities	56	9	35
	Villages	56	22	22
Municipal Population, Staff Size, Unionization*				
2. Lobby for More Grants				
Unit, Population, Staff Size, Unionization*				
3. Attract Eco. Development				
Unit:	Rural	31%	15%	54%
	Towns/Cities	84	14	2
	Villages	39	39	22
Population*				
Staff Size:	6	42	38	21
	6 - 29	76	16	8
	30 +	72	8	20
Unionization*				
4. Raise/Adopt User Fees				
Unit:	Rural	39	15	46
	Towns/Cities	64	30	7
	Villages	24	29	47
Population:	1,000	21	32	47
	1,000 - 5,000	52	36	12
	5,000	73	9	18
Staff Size:	6	25	38	38
	6 - 29	56	32	12
	30 +	68	12	20
Unionization*				

* Relationship not statistically significant

Table 9

		Employed	Considering	No Plans
5. Increase Utility Rates				
Unit:	Rural	10%	20%	70%
	Towns/Cities	64	25	11
	Villages	41	29	29
Population, Staff Size, Unionization*				
6. Increase license fees				
Unit:	Rural	8	17	25
	Towns/Cities	32	18	50
	Villages	0	29	71
Population:	1,000	0	32	68
	1,000 - 5,000	24	21	55
	5,000	33	10	57
Staff Size, Unionization*				
7. Use Reserve Account				
Unit*				
Population:	1,000	20	20	60
	1,000 - 5,000	36	36	39
	5,000	64	5	31
Staff Size:	6	25	17	58
	6 - 29	36	36	28
	30 +	58	0	42
Unionization*				
8. Energy Conservation:				
Unit*				
Population:	1,000	37	21	42
	1,000 - 5,000	42	30	27
	5,000	77	14	9
Staff Size:	6	29	25	46
	6 - 29	48	24	28
	30 +	76	20	4
Unionization:	Union	70	25	5
	Non-Union	44	22	33

* Relationship not statistically significant

earlier years as well as a means of generating further tax revenue.

Second, particularly for municipalities with resource-based industries, the search for new economic development also seems to be dictated by a pressing need to diversify. The lesson of an overwhelming reliance on resource industries so closely tied to a volatile world market has never been brought home as clearly as in the last four years.

The importance of economic development as a revenue-raising strategy can also be illustrated by the fact that in one of the cities interviewed, the economic development position has been made directly responsible to the city council rather than to the city administrator. In one of the towns particularly hard hit, the town administrator has taken over the function of economic development. In another municipality, a new economic development position was actually created, despite drastic cutbacks in other areas.

Needless to say, as a revenue generator, economic development certainly offers a much more lucrative outcome than other available strategies.

While energy conservation was cited by many as a strategy that had been employed or was being considered, the cost savings realized do not appear to have been significant. The methods used were such things as switching to a lower grade of fuel, and conservation measures such as using less heat and light. Two of the municipalities interviewed had special energy committees specifically created for evaluating energy requirements and efficiency for existing and proposed physical plants. One town that ran its own utility had installed an automatic regulator designed to more efficiently control output during peak and non-peak periods.

User fees, favoured by the larger urban municipalities, was another oft-mentioned revenue-raising strategy. However, few municipalities are actually doing cost-benefit analysis in terms of demand for services and determining what the market will bear. On the demand side, municipalities need to know what value consumers of a service place on different quantities and qualities of the service. On the supply side, what is the least cost mode of producing various quantities and qualities of the service? This systematic costing out of services both on the demand side and the supply side appears to be a missing ingredient in the user-fee decisions. As one administrator admitted, "For the most part, our user fees are based on a gut evaluation of what the public will submit to and some trading of information with other municipalities."

In addition to new economic development, increasing property taxes was probably the most likely option to have been exercised by local municipalities. Although Alberta municipalities have some of the lowest property taxes in the country, the decrease in provincial grants, as well as the loss in the property tax base occasioned by population declines and the loss of an industrial tax base, have placed greater pressure on many municipalities to raise their tax rates. Our survey results show that 40% had already raised property taxes and another 15% were considering doing so. Of the 11 municipalities interviewed, two cities had tax increases of 8% and 9% the previous year, three of the four towns had increased their taxes by 9%, 8% and 7%, respectively, and the rural municipalities by an average of 5%. Clearly, while the trend is for greater fiscal pressure on

municipalities to keep raising their property tax rates, the lack of political attractiveness inherent in this option is also not lost on elected officials.

While over three-fifths of the sample municipalities had lobbied or were considering lobbying for more grants, the cutbacks in provincial grants has also made this a not-too-promising source of additional revenue for local communities. First, many of the conditional grants are per capita grants so a municipality with declining population is at a disadvantage. Second, the absolute amounts of funding assistance available have, in many cases, remained the same or decreased. For instance, a grant to assist counties and MDs with construction projects involving upgrading their road networks has remained at the same level of about $25 million since 1982; a transportation systems management grant to assist cities in improving existing urban transit systems has remained at $3.5 million since 1982; a senior citizens housing grant went from $26 million in 1982-83 to $10.2 million in 1983-84[10]; and an operational financial assistance grant for recreation increased from $7.1 million to $7.3 million from 1983-84 to 1984-85, but this is one grant that practically all municipalities had applied for over the last three years and, given the increase in the total number of municipalities, the slice of the pie has actually become smaller.[11]

Finally, a number of the grants available have specific termination dates, such as a number of transportation grants to urban municipalities. For example, of 15 transportation grants available to cities, smaller urban and rural municipalities, 10 carry 1985 termination dates. A number of these are expected to be renewed, and most likely will have to be renewed given the dire financial straits non-municipalities are in.

Organizational Changes

We were interested in looking at how decisions were made regarding organizational changes. In this regard, respondents were asked who initiated the changes; who designed the actual organizational changes; whether the organizational plan reflected the municipality's normal budget procedures or whether a departure from the normal process was required; and finally, what were the characteristics of the organizational plan.

Of the 65 respondents who indicated that organizational changes had been made, over half, or 55%, indicated that the chief municipal administrator had initiated organizational changes (Table 10). Only a fifth said council had initiated the changes while another 14% mentioned both council and the chief municipal administrator. A majority of these same respondents said that the chief administrator with the help of department heads had designed the organizational changes, while 22% mentioned the chief administrator solely.

If the chief administrator was primarily responsible for initiating organizational changes, in virtually all cases council provided input into the nature of the changes.

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[10]Alberta Municipal Affairs, *Alberta Municipal Programs, 1983*, Edmonton: Municipal Services Branch, 1983.

[11]Financial Assistance Branch, Recreation Development Division, Alberta Recreation and Parks, Edmonton, Alberta.

TABLE 10

ORGANIZATIONAL CHANGES: DECISION-MAKING

I. Source Initiating Change

	N	% of Those Making Changes	% of Total Sample
Chief Administrator	36	55	37
Council	13	20	13
Council/Chief Administrator	9	14	9
Other	7	11	7

II. Designed Organizational Change

	N	% of Those Making Changes	% of Total Sample
Chief Admin./Dept. Heads	29	45	30
Chief Administrator	14	22	15
Council	7	11	7
Council/Dept. Heads	4	6	4
Chief Admin./Council	4	6	4
Consultants	3	5	3
Chief Admin./Dept. Heads/Council	2	3	2
Chief Admin./Consultants	1	2	1
		N = 65	96

In four out of five cases, department heads provided some input; in two-thirds of the cases, municipal employees had some input; and in two out of five cases, public representatives on municipal boards or commissions provided input. Very few municipalities had government agencies involved in providing input, while only one municipality indicated that unions had some input into organizational changes.

What characterized the organizational changes that resulted from the downturn? Interestingly enough, just under half (48%) of the municipalities indicated that they had an overall organizational plan. The ones most likely to have one were towns and cities (46%) followed by rural municipalities (35%), while only 7% of the villages said that they had one. Large municipalities as well as those with unionized employees were also more likely to have an organizational plan. Two-thirds of those instituting changes said they had reviewed community needs and priorities; over half had employed budget revenue and expenditure forecasts for more than one year; another 55% said they had a manpower planning and personnel evaluation policy; and less than half (43%) mentioned a financial management policy (Table 11).

Organizational Changes Employed or Intended. Respondents were asked what types of changes they had employed or intended to employ in the areas of structural reorganization, personnel, working conditions, program or physical plants, or their methods of service delivery. Table 13 shows the pattern of changes employed and planned by various municipalities.

In terms of structural reorganization, a fourth of the respondents eliminated or combined functions, another 12% planned to do this and only 15% merged departments.

Towns and cities and rural municipalities, those with moderate or large staffs and those with unionized employees were more likely to merge departments as well as to combine or eliminate functions (Table 14).

Personnel changes were employed by over a fifth (22%) by revising salary structures, while 15% reduced their staff training and development. While only 11% had revised their benefits package, the same number indicated they intended to do so, with towns and cities most likely to adopt this type of change.

A greater number of municipalities appear to have employed changes in working conditions. In order of number of municipalities adopting types of change in working conditions, the "preferences" were overtime (37%), salary freeze (27%), attrition (27%), hiring freeze (24%) and layoffs (20%).

Reduction in overtime was adopted regardless of administrative type and staff size; it was favoured by a greater number of unionized than non-unionized municipalities (70% to 41%). Salary freezes were more often employed by municipalities with larger staff sizes (52% of those with staff sizes of 30 or more). Attrition appeared to be favoured by towns and cities, those with large staff sizes (over 30) and unionized municipalities, while hiring freezes were employed more often by towns and cities. Layoffs were also favoured by towns and cities, those with 30 or more full-time employees, and those that were unionized. While only 36% of rural municipalities had laid off employees, another 29% said they intended to do so.

TABLE 11

OVERALL ORGANIZATIONAL PLAN

I. Characteristics

	N	% of Those Making Changes	% of Total Sample
Had an overall org'l plan	31	48*	32*
Reviewed community needs/priorities	44	68	46
Multi-year budget forecast	37	57	39
Manpower planning/personnel policy	36	55	37
Financial management policy	28	43	29

II. Budget Procedure

	N	% of Those Making Changes	% of Total Sample
Normal budget process	36	57	37
Departure from normal process	27	43	28

III. Input into Organizational Plan

	N	% of Those Making Changes	% of Total Sample
Council	64	98	67
Department heads	51	79	53
Municipal employees	44	68	46
Public reps to boards	25	39	26
Public	14	21	15
Government agencies	7	11	7
Unions	1	2	1
Other	4	6	4
		N = 65	96

* Percent saying "yes"

TABLE 12

OVERALL ORGANIZATIONAL PLAN, BY MUNICIPALITY CHARACTERISTICS

Question: "Was there an overall organizational plan on which the above changes were based?"

	Percent saying "Yes"
Administrative Unit:	
Rural	35
Towns/Cities	46
Villages	7
Municipal Population:	
Less than 1,000	9
1,000 - 5,000	40
Greater than 5,000	50
Staff Size*	
Unionization:	
Union	46
Non-union	28

TABLE 13

ORGANIZATIONAL CHANGES EMPLOYED AND INTENDED

	Employed (%)	Intend (%)	No Plan (%)
A. Structural reorganization			
Dept. mergers	15	5	52
Elim/combine functions	25	11	35
B. Admin/Personnel			
Revise benefits package	11	11	51
Revise salary structure	22	6	44
Reduce training/ development	15	7	52
C. Working Conditions			
Overtime	37	10	29
Leave of absence	16	2	58
Salary freeze	27	13	37
Early retirement	3	3	69
Attrition	27	11	37
Hiring freeze	24	6	45
Reduced work hours	10	4	63
Layoffs	20	4	52
D. Program/physical plant			
Defer capital projects	40	18	21
Eliminate programs	22	19	37
Reduce service levels	26	11	40
Energy conservation	37	18	23
E. Mode of Service Delivery			
Contract private sector	31	10	35
Automate	23	10	44
Share costs other municipalities	27	13	37
Provincial gov't. takeover	3	6	68

TABLE 14

ORGANIZATIONAL CHANGES, BY ADMINISTRATIVE UNIT, NUMBER OF EMPLOYEES AND UNIONIZATION

		Employed (%)	Intend To (%)	No Plan (%)
A. Structural Changes				
1. Departmental Mergers				
Unit:	Rural	21	0	79
	Towns/Cities	26	12	62
	Villages	0	0	100
Employees:	Less than 6	5	5	90
	6 - 29	25	0	75
	30+	28	16	56
Unionization:	Union	37	11	53
	Non-Union	14	6	80
2. Eliminate/Combine Functions				
Unit:	Rural	31	39	31
	Towns/Cities	48	9	43
	Villages	0	14	86
Employees:	Less than 6	9	19	71
	6 - 29	50	4	46
	30+	42	25	33
Unionization:	Union	50	28	22
	Non-Union	29	12	59
B. Administrative/Personnel				
1. Revise Benefit Package				
Unit:	Rural	7	7	86
	Towns/Cities	23	19	58
	Villages	0	14	86
Employees*				
Unionization*				
2. Revise Salary Structure				
Unit*				
Employees*				
Unionization*				
3. Reduce Training/Development				
Unit*				
Employees*				
Unionization*				

		Employed (%)	Intend To (%)	No Plan (%)
C. Working Conditions				
1. Overtime				
Unit*				
Employees*				
Unionization:	Union	70	15	15
	Non-Union	41	13	46
2. Leaves of Absence				
Unit*				
Employees*				
Unionization*				
3. Salary Freeze:				
Unit*				
Employees:	Less than 6	22	9	70
	6 - 29	32	28	40
	30+	52	12	36
Unionization*				
4. Retirement				
Unit*				
Employees*				
Unionization*				
5. Attrition:				
Unit	Rural	21	14	64
	Towns/Cities	44	7	49
	Villages	7	7	87
Employees:	Less than 6	9	14	77
	6 - 29	40	12	48
	30+	54	19	27
Attrition				
Unionization:	Union	60	25	15
	Non-Union	24	11	62
6. Hiring Freeze				
Unit:	Rural	21	14	64
	Towns/Cities	44	7	49
	Villages	7	7	87
Employees*				
Unionization*				
7. Reduced Work Hours				
Unit*				
Employees*				
Unionization*				

TABLE 14

		Employed (%)	Intend To (%)	No Plan (%)
8. Layoffs:				
Unit	Rural	36	29	36
	Towns/Cities	33	0	67
	Villages	0	0	100
Employees:	Less than 6	4	0	96
	6 - 29	32	8	60
	30+	40	8	52
Unionization:	Union	58	11	32
	Non-Union	15	4	82
D. Programs/Physical Plant				
1. Defer capital projects				
Unit	Rural	35	14	50
	Towns/Cities	64	18	18
	Villages	29	41	29
Employees:	Less than 6	37	37	25
	6 - 29	52	32	16
	30+	61	0	39
Unionization:	Union	50	5	45
	Non-Union	51	29	20

* Relationship not statistically significant

TABLE 15

EFFECTS OF ORGANIZATIONAL CHANGES

	Higher (%)	Lower (%)	Remained same (%)
Staff morale	17	15	28
Productivity	32	3	24
Staff turnover	2	7	50
Public complaints	9	10	40
Facilities maintenance	6	8	45
Level of services	9	17	33

Base = 96. Non-responses not included.

Of the 33 administrators who indicated they had laid off employees, 32 said the staff cuts were done selectively rather than across the board. Almost all (30 of 33) said program needs were used to identify the positions that had to be cut; 18 (or 55%) said merit was another criterion used while only a third (11 of 33) said they used seniority to help determine staff cuts. A fifth mentioned "other" criteria.

In terms of physical plant and program changes, deferral of capital projects appears to have been employed most often by a majority of municipalities. Again, towns and cities, and those municipalities with 30 or more full-time employees, were more likely to defer those projects.

Energy conservation appeared to be a preferred option among those with more employees and those who were unionized, while reduction of service levels was employed regardless of these organizational variables. Finally, towns and cities were also more likely (39%) to eliminate programs compared to rural municipalities (21%), or villages (6%).

Other methods of service delivery considered by municipalities included contracting to the private sector (31%), sharing costs with other municipalities (27%) and automating (23%). These methods were employed regardless of organizational structure with the exception of automation, which was favoured by more municipalities with moderate-size staffs (48%). This might in part be because municipalities with larger staffs (30 plus) had already automated and were not necessarily employing this as a cost-cutting measure.

Effects of Organizational Changes. What have been the effects of the organizational changes on employee morale, the public, and services provided? Table 15 shows some decline in staff morale, an increase in productivity, very little turnover (not surprising in an economic recession where few alternatives exist elsewhere), and less than a fifth of the municipalities indicate a decline in service levels. While these results may be taken as "the best face" in a bad situation, there is a pattern suggested that many more municipalities are trying to get more out of their staffs and to maintain facilities and services as close to past levels, and that they have not had to deal as much with public complaints.

Summary of Organizational Changes

A significant number of municipalities in the province have made organizational changes to meet retrenchment needs, but in many instances, the changes appear to have been made without an overall plan in mind, with little active direction from the political leaders, and with methods that may not be sufficient to meet the magnitude of the economic crisis. The nature and scope of the organizational changes can be characterized thus:

- Close to two-thirds of the municipalities in the sample said organizational changes had been made. Of this number, over half did not have an overall organizational plan for change.

- Changes were initiated by the chief municipal administrator in over half of the cases, with the municipal councils primarily reacting to the proposals.

- Of those initiating changes, one-third did not review community needs and priorities, over half did not have a manpower planning and personnel evaluation policy, and over two-fifths did not have a budget revenue and forecast for more than one year. Another two-fifths did not have a financial management policy.

- More municipalities retained their normal budgeting procedures than those who departed from normal budget processes.

- Deferral of capital projects was the organizational change cited by the most number of municipalities, with three in five indicating they had either employed this option or intended to do so.

- Changes employed that had a direct effect on municipal personnel were limited to the "less painful" methods: cutbacks by attrition, hiring freezes and reductions in overtime. Only one in five municipalities said they had laid off personnel.

- About two in five municipalities had cut back on programs or intended to so do, and the same number had reduced or had planned to reduce service levels; however, the same number of municipalities also had no plans to reduce service or program levels.

- Two in five municipalities had contracted with the private sector for service delivery; the same number had shared costs with other municipalities.

- The greatest number of changes were instituted by towns and cities, those municipalities with larger staff sizes, and those that were unionized. These municipalities were the ones most likely to merge departments, eliminate or combine functions, cut back by attrition, impose layoffs, and defer capital projects.

Analysis of Organizational Changes

Personnel and Structural Changes. As we observed earlier, the personnel and structural options exercised by the various municipalities appear to be based on the principle of least pain. Attrition and hiring freezes are examples of this. Both are convenient and, in the short run, effective strategies to buy time, preserve options and leave no one hurt. In the long run, however, these methods may be more unproductive to the organization. As one expert on organization decline points out:

> First, even though natural and self selection relieves stress on managers, it also takes control over the decision of whom and where to cut away from management and thereby reduces the possibility of intelligent long range cutback planning.
>
> Second, hiring freezes are more likely to harm minorities and women who are more likely to be the next hired rather than the next retired.

> Third, attrition will likely occur at different rates among an organization's professional and technical specialties. Since resignations will most likely come from those employees with the most opportunities for employment elsewhere, during a long hiring freeze an organization may find itself short on some critically needed skills yet unable to hire people with these skills even though they may be available.[12]

What was surprising about the cutback methods employed was that few municipalities were utilizing leaves of absence, reduced working hours or early retirement, and fewer still had any plans to use these methods.

Two other important observations were made in the course of our interviews: first, most municipalities did not see this period of organizational decline as an opportunity to intensify staff training efforts. In fact, a fifth of the municipalities in the survey sample said they reduced their training and development budgets or intended to do so. Among the municipalities we interviewed, only two (both of them cities) increased their staff training efforts. One city actually created a training position to upgrade and expand skills of current staff members to increase productivity as well as versatility (to allow greater flexibility in organizational shifts). The second city increased training responsibilities of senior personnel staff who provide in-house training for line managers. For the most part, however, most municipalities were looking at the training and development areas as one that offered a quick and painless cutting back.

A second observation gleaned from our in-depth interviews was that very few municipalities had actually grappled with the issue of employee productivity. Without exception, all municipalities we interviewed admitted that employee performance evaluations in the past had been haphazard, informal, unsystematic, and in many cases, salary increments were given (or negotiated as the case may be) with little or no regard to performance.

With the need to cut back, many municipalities found themselves without performance evaluation systems in place and with wage structures that had little bearing on market values or had not been based on extensive job analysis. Of those interviewed, only two municipalities had attempted to put a more systematic performance evaluation in place. An extensive job analysis was conducted three years ago by one of these cities, and (perhaps by force of economic circumstance) has only now been completed. With this in hand, the municipality negotiated collective agreements with the unions and arrived at consensus regarding adjustments to be made for positions being paid at below market rates and those paid above market rates.

Both productivity assessments and staff training are important if an organization's cutbacks are to be equitable and efficient. They are important when an organization imposes changes in working conditions and in its structure (as when departmental or functional mergers are employed). They are also important when a

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[12]Charles Levine, "Organizational Decline and Cutback Management," *Public Administration Review*, 38, August, 1978, 315-23.

municipality attempts to maintain service and program levels at or close to the same levels it had prior to the economic downturn.

Program and Service Deliveries. While cutbacks in service levels have occurred, they have been relatively minimal and have occurred in areas such as recreation and culture and, to a lesser extent, in social services. Generally, such reductions have included closing a community swimming pool or reducing its hours, reducing the watering of public grounds, cutting back on social service information and after-school programs, and so on. In short, the cutbacks in service deliveries have so far been relatively mild.

Two options that have been used by a number of municipalities have been the contracting out of some services to the private sector and the sharing of costs with other municipalities.

The former has occurred in smaller municipalities in such areas as bylaw enforcement (primarily animal control) some maintenance (grounds and buildings), and garbage disposal. One municipality illustrated its cost savings by pointing out that it paid $15,000 for its groundskeeper and, on his retirement, contracted out the job for $7,000. Garbage disposal has also been contracted out, but in larger municipalities, municipal unions have generally opposed such a move. One of the cities interviewed is considering an experiment where trash pick-up will be contracted out for a portion of the cities' residents, and cost comparisons will be made with the rest of the city where the city's own garbage collection crews will be retained.

Its own residents and civic organizations are another source of ideas, talents and labour municipalities can tap. Three of the municipalities interviewed said they had stepped up their use of volunteers, particularly in the recreation area. One municipality has introduced an "Adopt-a-Park" program, encouraging civic organizations to help man the parks. One town also used volunteers to help with fire protection services.

Only two in five municipalities had cost-sharing arrangements or were considering such arrangements with other municipalities. One town shared costs with an adjoining Improvement District for landfill maintenance and ambulance service. Another municipality shared a few project costs such as a salary survey. One town shared police and fire service costs with two adjoining villages. Some 15 municipalities in the southern part of the province also applied as a group to the province for an FCSS grant. The advantage in this arrangement is the decreased administrative costs of the services provided and the larger grant monies available to each municipality compared to what it would get on its own.

Automation has been employed by a quarter of the municipalities and was being considered by a few more. While cost savings may not be immediately realized (as was the experience of two municipalities we talked to), the biggest advantage has been the improved information base on which decisions are made as well as the speeding up of the decision-making process.

Financial Management. While it is obvious that most municipalities have been actively engaged in some fiscal readjustments, and that in some instances, general community needs and priorities have been taken into account, it is evident from the

survey results as well as from our interviews that there is a gap between these concepts as guiding criteria and the adjustments made. Instead, expenditure reductions and revenue increases have occurred where they were feasible, relatively invisible, and where gains would be quickly realized.

The financial management process has been characterized by a lack of multi-year budget forecasting, comprehensive program review processes, a well-defined manpower personnel policy, systematic cost-benefit analyses of programs and services, and an integration of community priorities and the financial management process.

The need for overall goals and priorities as guiding principles is especially critical in the public sector where the bottom line is not the only criterion for evaluating a service or program's existence. The intangible benefits or assets that may accrue to a community, which may not readily translate into dollars and cents, must also somehow be figured into the financial and political equation. Without this, the likelihood of short-term solutions appears to be much higher.

Training Preferences

In order to evaluate training needs and preferences in the management of retrenchment, respondents were asked in what areas they were likely to find training workshops helpful. As Table 16 shows, the "need areas" in order of decreasing priority are: financial management, program review and evaluation, personnel administration, and staff communication.

Almost three-quarters of the respondents indicated workshops on financial management would be somewhat to very helpful, followed by 65% expressing a similar rating for program and policy review. Sixty percent thought personnel administration would be somewhat to very helpful, with the same percentage for staff communication.

With close to half the respondents suggesting that workshops in financial management would be "very helpful," there is a clear indication of an area of weakness admitted to by municipal administrators. This may in part explain the earlier finding that more municipalities are still employing their normal budget procedures in the process of downsizing.

TABLE 16

TRAINING WORKSHOP PREFERENCES

	Very Helpful (%)	Somewhat Helpful (%)	Not at all Helpful (%)
Financial Management	44	29	5
Review Programs/Policies	37	28	11
Personnel Administration	25	35	18
Staff Communication	27	33	17

Base = 96. Non-responses not included.

CONCLUSIONS AND RECOMMENDATIONS

In this study, we have attempted to document the severity of the fiscal crisis that has beset Alberta municipalities and to chart the manner in which these municipalities have responded to the crisis and managed the inevitable retrenchment.

Our study has shown that two-thirds of our sample municipalities have had to incorporate organizational changes, some more drastically than others. Yet the manner in which these changes were decided upon, or the nature and extent of the changes adopted, raises questions about the effective use of the political process in terms of the inclusion of all relevant constituencies, and about the contributions of the preferred changes to the longer-term viability and effectiveness of the municipal organization.

We have found that councils have not been as actively involved in providing direction to municipal administrations; that in many instances, an overall framework of community goals and objectives has not been articulated, and when they have, they have not been sufficiently integrated with specific retrenchment strategies; that the public has been very minimally involved in the process; and that the pattern of cutbacks employed indicate that short-term gains may be achieved but at the expense of the longer term good. Many municipalities are still engaged in trying to maintain the same levels of services with a slightly leaner staff (achieved primarily through a hiring freeze and attrition), have cut back primarily by less capital spending, and have attempted to raise revenue by attracting new economic development.

There have been a number of advantages in the process: municipal administrations have had to become more "efficient" by having to make do with less. They have had to become more innovative with scarcity. Managers have also become more involved in financial decision-making and have had to justify programs and services more rigorously.

A set of considerations and recommendations for various municipalities, as well as for government agencies and other interested institutions, has been drawn up on the basis of these findings.

Some Considerations for Municipalities

Three areas appear to be vital for municipalities to consider in the process of retrenchment. These include human-resource planning, program and service planning, and financial management.

Human-Resource Planning. While many municipalities have concentrated on marshalling their physical resources, not enough attention has been given to their people resources. One question that might be raised is what kind of support does the community or its elected officials (the chief municipal administrator's direct "supervisors") give to managers who must administer the painful and difficult process of retrenchment? While rewards are easily disbursed in times of growth, retrenchment has been associated with failure; thus, little thought is given to rewarding managers for cutting back, despite the greater or more complex administrative skills required for this process. What kinds of incentives are available for managing retrenchment? Some have argued that incentives such as performance

bonuses may be helpful to recognize management of "successful contraction."

For employees, low morale and motivation often occur during periods of uncertainty. While this cannot be avoided, it can certainly be minimized. One researcher argued that "the first requirement of organizational leadership for cutback management"[13] was to explain to the municipality's employees and constituents the priorities of the organization, its declining resources, and the cuts required. A continuing flow of information is needed at this time -- reports, briefings, fact sheets, etc. This helps people accept the reality of retrenchment and in doing so, helps to facilitate the co-operation required from staff. Improved performance is more likely to result under these conditions than under conditions of uncertainty or mistrust. Two of the municipalities we interviewed had indicated that union drives were successfully conducted in their organizations as a direct result of high job insecurity. Most of the larger municipalities we talked to also admitted to low employee morale and, in a few cases, a greater number of grievances filed.

In addition to improving the psychological climate by opening communication lines to employees, managers should not disregard their employees as a potential source of ideas. There is evidence that at least in the budget process, line managers in a number of municipalities have been involved more in decision making. But employees themselves are not only excellent sources of ideas; their direct involvement with the work itself or their direct contacts with various client groups may provide greater insights for managers wishing to introduce organizational changes such as work redesign, service delivery changes or innovations such as work sharing.

With the squeeze on hiring and salary resources, there will be a definite push toward streamlining performance appraisal procedures. Job productivity, never a burning issue in the past, will be used more and more for distributing rewards and making cutback decisions or internal shifts. Employees will be more vigilant about equity as managers pay greater heed to efficiency. There is thus positive pressure on both for fair as well as valid performance appraisal systems.

Finally, municipalities will have to take a closer look at their long-term staffing requirements. Unfortunately, what happens during retrenchment is that short-term needs and convenience guide personnel decisions. One of the municipalities we interviewed laid off a data processor apparently because "there was not enough computer work to do," despite the fact that much of the municipality's records had not been computerized.

What is involved in assessing long-range staffing requirements is a review of various programs and positions within programs that conform to the municipality's priorities and goals. Once staffing needs are identified, the question arises whether existing staff meet these needs. We mentioned earlier the response of one city to this situation: a new training position was created so existing staff could be developed or retrained to meet the municipality's manpower needs.

Program and Service Delivery. As with our analysis of a municipality's human resource planning efforts, a discussion of program and service delivery is also

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[13]Robert D. Behn, "Leadership for Cutback Management: The Use of Corporate Strategy," *Public Administration Review*, 40:6, Nov./Dec., 1980, pp. 613-20.

premised on the idea that programs and services are designed as instruments or tools of wider ranging community priorities. Having decided what these goals or objectives are, establishing some criteria for evaluating the importance of various services becomes necessary. For one of the municipalities we interviewed, the transit service was visible and high-profile. For another, whose population was primarily under 40, recreation was a high priority while transportation was at the bottom of its list.

This priority list must then be followed by an evaluation of alternative approaches to meeting these objectives. Do we contract out the service or do it ourselves? Do we buy or lease? Should we share costs with other municipalities or shoulder the responsibility ourselves? The ideal scenario requires these choices to be made on the basis of adequate information. Quite often, this is missing from a number of decisions evaluating alternatives.

A final and equally important component of managing programs and services is the measurement and monitoring of performance and taking corrective action where necessary. While cost information may be relatively easier to provide, demand information is not as often utilized. More and more municipalities are trying to come up with budgetary evidence on the nature of demand for a particular service, that is, "evidence of the value placed on different quantities and qualities of the service in question."[14] Such a determination may involve systematic examinations of willingness to pay for direct user charges or may involve the use of market research to measure directly perceived demand and attitudes toward the service as currently designed.

Financial Management. Surprisingly, a large number of Alberta municipalities have not revised their budgeting procedures although a few were alrady attempting other ways to present their financial statements.

Two approaches have been tried in the public sector (in Canada, Britain, and the US): zero-base budgeting and planned program budgeting.[15] Under zero-base budgeting, or ZBD, resources allocated in previous years are not considered an inviolate base for the future. It is a planning and budgeting process which requires each manager to justify his entire budget request from scratch, shifting the burden of proof on the manager to justify why he should spend any money at all. Varying levels of funding are required within any program, allowing trade-offs of new or existing activities. It also involves ranking "decision packages" and identifying the effect of adopting certain resource levels for a set of programs. The benefits of such a process include the fact that department and line managers are more involved in the budgetary process; it is a method that meets the efficiency criterion (if such is the goal of cutting back, as opposed to equity); and better information is generated for making decisions. The disadvantages, of course, are the costs of

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[14]James Cutt, "Accountability, efficiency, and the "bottom line" in non-profit organizations," *Canadian Public Administration*, 25:3, Fall, 1982, pp. 311-31.

[15]Peter A. Phyrr, *Zero-Base Budgeting*, Wiley and Sons, 1973; John V. Pearson and Ray J. Michael, "Zero-base budgeting - a technique for planned organizational decline," *Long Range Planning*, 14:3, 1981, 68-76; Stephen L. Gould, Alan Oldall, and Fred Thompson, "Zero-base budgeting: some lessons from an inconclusive experiment," *Canadian Public Administration*, 22:2, Summer, 1979, 251-60.

setting up and maintaining such a system (costs of information-gathering are obviously high) and the difficulty of assuming zero base for certain types of public sector programs.

Program budgeting is similar to zero-base budgeting in that detailed information costs are required along with systematic analysis of alternatives (including evaluation of major cost and benefit trade-offs). However, program budgeting focuses on programs, regardless of their organizational placement.[16] These programs and their related activities are then evaluated according to the fundamental objectives of the municipality.

A number of municipalities we interviewed had already adopted some modified form of these budgeting approaches, where more systematic cost accounting was being done for line and program items, and managers were being asked to participate more actively in the process.

What is important where financial management is concerned, however, is not so much the particular approach that is adopted (whether it be zero-base or program budgeting or some other budgeting approach) as the fact that

a. the approach is based on broader objectives that have been established,
b. programs or items or activities have to be justified with systematic cost benefit information,
c. more than one approach is considered,
d. strategic planning requires some amount of long-range forecasting, and
e. some way of measuring performance outcomes is desirable, if not required.

A budget that attempts to project beyond one year is especially crucial to long-range planning. It certainly does not commit anyone to future actions depicted in the budget; projections are designed instead to show what future consequences of present decisions are expected to be and to suggest some constraints on follow-up decisions.

The Role of Government Agencies and Universities as Change Agents or Facilitators

Government agencies such as the Inter-Agency Planning Branch as well as institutional agents such as the university can have significant roles to play in helping municipalities deal with cutback management. Their roles may be defined by the following areas:

1. Training Services

There is an obvious need for training services in good times, but in times of organizational decline the need could be more pressing. There is a continuing need for staff development especially at a time when performance appraisals will become increasingly important; areas for further training have

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[16]Werner Z. Hirsch, Sidney Sonenblum, and Ronald Teeples, *Local Government Program Budgeting: Theory and Practice*, New York: Praeger, 1974.

also been suggested by this survey, such as organizational communications, the handling of the termination process, program evaluation, evaluating alternative modes of service delivery, financial management procedures, and so on.

2. Seminars and Workshops

This is a good way of bringing municipal administrators and other departmental employees together for a brief but intensive dicussion, lecture, and idea exchange on a specific topic.

3. Information Resources

Research and other types of materials could be made available to municipalities through an information clearinghouse or "library." Requests for more specific information could then be appropriately serviced.

4. Planning Assistance

With renewed emphasis on attracting new economic development, the need for planning expertise and technical assistance remains high. In a number of municipalities where fiscal pressures are particularly severe, there may be a greater need to circumvent the general municipal plan or to rely on variances. Technical assistance that recognizes these needs and that would help municipalities more carefully plan for future economic development would be most helpful.

LOCAL GOVERNMENT STUDIES
UNIVERSITY OF ALBERTA EXTENSION

June 6, 1984

Dear Chief Municipal Administrator:

Re: Survey Research on Downsizing

The Local Government Studies Program, with support from the Department of Municipal Affairs, is undertaking a research project to obtain information about staff reduction and program cutbacks, recently undertaken or contemplated. The results of this survey will assist in the development of materials, workshops and seminars in cutback management and downsizing, to assist municipal administrators and planning directors with these difficult tasks.

Your responses, along with materials derived from an extensive survey of the literature will provide us with valuable information about how the public sector in Canada, in general, and local government and planning authorities in Alberta, in particular, are managing the downsizing process. The material we gather will enable us to publish some practical and, we hope, useful guidelines for dealing with many of the problems and controversies associated with staff reduction and program cutbacks. It will include a description of some innovative and effective intervention strategies that have been applied in Canada and the United States. These materials will also be used in workshops and seminars in cutback management which may be of interest to elected and appointed officals.

We would appreciate your cooperation by filling in the survey, when it arrives in the next few days. Your cooperation will assist us in the preparation of materials which will be of benefit to local government across the province.

Thank you for your cooperation.

Sincerely,

Albert A. Einsiedel, Ph.D.
Program Director
Local Government Studies

If you are unable to participate in this study, please indicate below and return to our office.

Name of Municipality:_____

FACULTY OF EXTENSION, THE UNIVERSITY OF ALBERTA, RING HOUSE 2, EDMONTON, ALBERTA T6G 2E2 · 432-5052

Appendix B

DOWNSIZING SURVEY

This survey is for Chief Municipal Administrators in Alberta.

PLEASE SEND COMPLETED QUESTIONNAIRE BY JULY 13, 1984 IN THE ENCLOSED POST-PAID ENVELOPE.

Thank you for your cooperation.

_____ ID

Local Government Studies Program

DOWNSIZING SURVEY

1. What type of administrative unit do you work for? Please circle:

   (1) county
   (2) city
   (3) municipal district
   (4) town
   (5) village

2. What is the current population of your municipality?

   _____

3. How many employees are there in your municipality?

   _____ full-time employees

   _____ part-time employees (exclude summer help)

   _____ contractual workers

4. What percentage of your municipal staff is unionized and non-unionized?

   (1) unionized _____%

   (2) non-unionized _____%

5. How would you classify your municipality in terms of its primary economic base?

   (1) primarily agricultural

   (2) oil and gas

   (3) primarily residential

   (4) primarily service (tourist, financial, etc.)

   (5) other (specify) _____

6. Here are the most common sources of revenue for Alberta municipalities. Ple indicate whether your revenues for the following years increased, (+), circle decreased, (-), circle 2 or did not change, (0), circle 3 and what you expect 1985-86:

	1983-84 compared to 82-83			1984-85 compared to 83-84			Expected 1985-86 compared to 84-		
	(+)	(-)	(0)	(+)	(-)	(0)	(+)	(-)	(0)
Property Taxes:									
Residential	1	2	3	1	2	3	1	2	3
Commercial	1	2	3	1	2	3	1	2	3
Industrial	1	2	3	1	2	3	1	2	3
Agricultural	1	2	3	1	2	3	1	2	3
Provincial grants	1	2	3	1	2	3	1	2	3
License fees	1	2	3	1	2	3	1	2	3
Other (specify):	1	2	3	1	2	3	1	2	3

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7. Of the revenue sources listed above, which has been your primary source of revenue for the last two or three years?

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8. Looking at the expenditure side, please indicate whether your expenditures for the two succeeding years increased, (+), circle 1 decreased, (-), circle 2 or did not change, (0), circle 3 and what you expect for 1985-86:

	1983-84			1984-85			Expected 1985-86		
	(+)	(-)	(0)	(+)	(-)	(0)	(+)	(-)	(0)
Capital expenditures	1	2	3	1	2	3	1	2	3
Operating expenditures	1	2	3	1	2	3	1	2	3
Debt charges	1	2	3	1	2	3	1	2	3

The province of Alberta has experienced an economic downturn in the last few years from which it has not fully recovered, with some municipalities more severely affected than others. We would like to know what effect the economic situation has had on your municipality and how you have responded.

9. Based on your municipality's experience in the last few years, have you had to or do you intend to apply any cost-cutting measures?

   (1) have had to apply cost-cutting

   (2) have not had to but intend to in near future

   (3) have not had to and have no immediate plans

   Can you briefly explain how your municipality has managed to avoid the economic downturn experienced by other municipalities?

   _____

   _____

   _____

   (If your answer is (3) you NEED NOT COMPLETE the rest of the questionnaire)

10. If your municipality has experienced an economic downturn, how many more years do you feel the recession is going to last for your municipality?

    _____ years

11. Considering the following areas in which most municipalities' budgets are distributed, please indicate areas in which your spending increased, (+), decreased, (-), or remained the same, (0), in the last two years and what you anticipate for the same area in the next year or two. Please circle appropriate numbers:

	Last two years			Anticipated		
	(+)	(-)	(0)	(+)	(-)	(0)
(1) General administration	1	2	3	1	2	3
(2) Council, other legislative	1	2	3	1	2	3
(3) Police, fire, other emergency	1	2	3	1	2	3
(4) Water supply, sewage, trash	1	2	3	1	2	3
(5) Social services	1	2	3	1	2	3
(6) Municipal planning, zoning, land development	1	2	3	1	2	3
(7) Parks, recreation	1	2	3	1	2	3
(8) Utilities (gas, electricity, telephone)	1	2	3	1	2	3
(9) Transport services (roads, airports, sewers, public transit)	1	2	3	1	2	3

12. Which of the following organizational changes have you employed or intend to employ? (Please circle appropriate number)

	Em-ployed	Intend to	No Plan
A. Structural reorganization			
(1) departmental mergers	(1)	(2)	(3)
(2) eliminating or combining functions	(1)	(2)	(3)
B. Administrative/Personnel changes			
(1) revision of benefit package	(1)	(2)	(3)
(2) revision of total salary structure	(1)	(2)	(3)
(3) reduced staff training/ development	(1)	(2)	(3)
Changes in working conditions in areas such as:			
(4) overtime	(1)	(2)	(3)
(5) leaves of absence	(1)	(2)	(3)
(6) salary freeze	(1)	(2)	(3)
(7) early retirement	(1)	(2)	(3)
(8) attrition (not filling vacancies)	(1)	(2)	(3)
(9) hiring freeze (not hiring across the board	(1)	(2)	(3)
(10) reduction in working hours	(1)	(2)	(3)
(11) lay-offs	(1)	(2)	(3)
C. Program and physical plant changes			
(1) deferral of capital projects	(1)	(2)	(3)
(2) elimination of programs	(1)	(2)	(3)
(3) reduction in service levels	(1)	(2)	(3)
(4) energy conservation measures	(1)	(2)	(3)

D. Mode of service delivery

(1) contracting out of services to private sector	(1)	(2)	(3)
(2) automation	(1)	(2)	(3)
(3) sharing service costs with adjoining municipalities	(1)	(2)	(3)
(4) having provincial government take over some services	(1)	(2)	(3)

13. If there was any need for organizational changes in the last two years, who initially identified the need for changes to be instituted?

(1) council

(2) chief muncipal administrator

(3) other _____

14. Who designed the organizational changes, if any?

(1) consultants

(2) chief municipal administrator primarily

(3) chief municipal administrator with department heads

(4) council

15. Was there an overall organizational plan on which the above changes were based?

(1) YES (2) NO

16. Was the plan prepared as part of the normal budget process or was it a departure from your regular budget review?

(1) normal budget process

(2) departure from normal budget review process

17. Which of the following elements describe your organizational review process? Did it include

	YES	NO
(1) a budget revenue and expenditure forecast for more than one year	(1)	(2)
(2) mechanisms for examination of community service needs and priorities	(1)	(2)
(3) An overall manpower planning policy/personnel changes plan	(1)	(2)
(4) A new financial management procedure such as zero-based budgeting	(1)	(2)

18. Who participated in or provided input into the plan for changes to be instituted?

	YES	NO
(1) unions	(1)	(2)
(2) council	(1)	(2)
(3) public at large including organized interest groups	(1)	(2)
(4) public representatives on municipal boards/committees	(1)	(2)
(5) municipal employees (unionized or non-unionized)	(1)	(2)
(6) government agencies	(1)	(2)
(7) department heads	(1)	(2)
(8) others _____		

19. If any staff cuts were made, were they done

(1) across the board

(2) selectively

(2b) What criteria were used?

	YES	NO
seniority	(1)	(2)
merit/performance	(1)	(2)
program needs	(1)	(2)
other	(1)	(2)

20. What consequences did you encounter in the implementation of the changes? Please indicate the nature of the change for each area below by circling (1), if the consequence was an increase, (for example, higher morale), (2), if the result was a decrease, (for example, lower productivity) and (3), if there was no change.

	Increase	Decrease	No Change
(1) morale among staff	(1)	(2)	(3)
(2) productivity/performance	(1)	(2)	(3)
(3) staff turnover (voluntary)	(1)	(2)	(3)
(4) public complaints	(1)	(2)	(3)
(5) maintenance of facilities	(1)	(2)	(3)
(6) level of services (quantity or quality)	(1)	(2)	(3)

21. Some of the following revenue expansion strategies have been utilized in various municipalities to deal with the economic downturn.

Which of these have you employed or are considering?

	Employed	Consi-dering	No Plans
(1) raise property taxes	(1)	(2)	(3)
(2) lobby for more grants	(1)	(2)	(3)
(3) attempt to attract/ facilitate new economic development to increase tax base	(1)	(2)	(3)
(4) institute/raise user fees for public facilities (e.g., recreation)	(1)	(2)	(3)
(5) increase municipal utility rates	(1)	(2)	(3)
(6) increase license/business fees	(1)	(2)	(3)
(7) dip into existing reserve account	(1)	(2)	(3)
(8) energy conservation measures	(1)	(2)	(3)
(9) other _____	(1)	(2)	(3)

22. In considering organizational changes your municipality has instituted or intends to institute, how helpful would you find workshops or seminars in each of the following areas which would deal with cutback management? Please circle:

	Very helpful	Somewhat helpful	Not at all helpful
(1) Financial Management and Control	(1)	(2)	(3)
(2) Review & Redesign of Services and Policies	(1)	(2)	(3)
(3) Personnel Administration	(1)	(2)	(3)
(4) Communication with constituencies (staff, council, public)	(1)	(2)	(3)

23. Finally a few questions about yourself:

How long have you been a chief municipal administrator?

(1) Less than 2 years

(2) 3 to 5 years

(3) 6 to 10 years

24. Your sex is

(1) Female

(2) Male

25. In what year were you born? 19 _____

THANK YOU VERY MUCH FOR YOUR COOPERATION.

If you have any questions, please call Peter Ho at 432-2696.

APPENDIX C

OTHER COST-REDUCTION AND REVENUE-EXPANSION IDEAS

These ideas have been put together from various sources including our research literature and our interviews with various municipalities. They are provided here as an "Idea Pool" to draw from, stimulate discussion and experiment with.

1. College Internship Program - A municipality can arrange for certain positions to be filled by students from local colleges. The students in turn receive academic credit rather than pay and receive valuable work experience. This is one way of expanding or retaining services at no cost to the taxpayer.

2. User Fees - Rather than just increasing user fees, a municipality could also introduce "free use" periods (e.g., "Free Swim Day"), or it could use a sliding user-fee scale (e.g., provide a service or facility free for nonprofit groups and charge the full fee for profit groups).

3. Share costs with other municipalities -

   a. Co-operative Purchasing - in Ontario, the Peterborough Public Buyers Co-operative Association has tendered for goods and services common to five local governments, five educational institutions or school boards and two hospitals since 1968. The largest user of a specific commodity usually calls the tender after accounting for individual requirements of the other authorities. Advantages of this procedure include lower costs from volume buying, lower overhead and greater expertise in issuing the tender, improved quality control from standardized procedures and pooling of expertise, and a stronger bargaining position with suppliers.
   b. Shared maintenance costs - Maintenance of recreation facilities, public works equipment are examples where this might be done.
   c. Shared service costs - Some municipalities have been able to share costs on social service (e.g., administration costs of an FCSS service grant are being shared among 15 municipalities in southern Alberta), police and fire protection, emergency services, and data processing. These are just a few examples of where this might be done.

4. Private Use of Public Facilities - Some public facilities may be underutilized or vacant some of the time. Unused portions of these facilities may be leased to the private sector (e.g., for meeting rooms or office space), bringing in additional revenue without raising fees or taxes.

5. Neighbourhood Watch Program - With increasing costs of police services, this type of program could be started or strengthened. Neighbours are encouraged to watch out for each other to reduce crime.

6. Streamlining Services - The County of Strathcona lost revenue with its annexation by the City of Edmonton. To cut administrative costs, it consolidated its various departments by functional areas so that it now has a common finance, data processing, and facilities and maintenance centres.

7. Hiring Contract Workers or Part-time Workers for Seasonal Jobs - Grounds maintenance could be done with casual rather than permanent labourers, while part-time workers could help ease overtime costs for regular employees.

8. Use of Volunteers - Many municipalities have already been using volunteers but are expanding their reliance on this citizen corps. A number of pointers ought to be kept in mind, however. First, attention should be given to how volunteers are acquired (enlist the co-operation of local media to advertise various openings), used and trained. A list of tasks that could be performed by volunteers must be prepared and co-ordinators or supervisors identified. Once recruited, volunteers may need orientation and training, and ought to be kept informed or updated on ongoing activities and involved in service or program reviews. Finally, achievements should be recognized and potential developed, so supervisors ought to give informal performance appraisals. In general, a volunteer resource works when the volunteers know they are valued and their work appreciated.

9. Adopt-a-Park Program - This is akin to those "adopt-an-animal" programs run by zoos where schools or classes were encouraged to "be responsible for a particular animal," including raising money towards its care. Two municipalities we interviewed had instituted this program recently and targeted civic groups to help raise money and contribute maintenance assistance to specific parks.

10. Energy Savings Committees - A few municipalities have instituted this committee to evaluate proposals for renovations or new facilities to take special account of energy-saving mechanisms.

11. Automated Fee Collection - A California municipality automated its refuse collection receipts and placed the bills on the property tax rolls, assuring 100% collection. Prior to this, a 10% noncollectible rate raised rates for paying customers. The new procedures lowered operating costs and held down future rate increases.

12. Job Sharing - This has been defined as "a form of permanent part-time work in which two people jointly fulfill the responsibilities of one full-time position or title" and function as "a highly integrated team." One municipality has tried this for one position at the initiation of two female employees. Holiday time, annual leaves and sick benefits were prorated. In this case, job-sharing worked well because the two employees wanted the arrangement, they knew each other and worked well together (therefore had similar or compatible work habits). These conditions appear to be important prerequisites to this type of arrangement.

13. Employee Suggestion Program - Also tried by one large municipality, the program involved solicitation of ideas from employees through the municipal newsletter on work redesign or other measures that could help cut costs or improve productivity/efficiency. This was more than a suggestion box arrangement because proposals are considered by a committee and discussed for possible implementation.

14. Work-Measurement Techniques - These refer to the systematic analyses of job

functions, their redesign for greater efficiency, and the implementation of a continuous performance measurement system. One large municipality has implemented this program by asking division heads to prepare work unit or work load indicators (i.e., a list of tasks specifying the number of workers required and the number of hours each task will take) and an assessment system to monitor performance. A well-designed work-measurement system can be used for program planning and budgeting, staffing analysis, route balancing, daily work scheduling, performance reporting, maintenance planning and control, or evaluating alternatives. This has been applied successfully in many American cities, particularly in the area of public works.

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